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COMPILATION OF  
FEDERAL ORDER NO. 62  
REGULATING THE HANDLING OF MILK  
IN THE  
ST. LOUIS-OZARKS MARKETING AREA  
EFFECTIVE JULY 1, 1971  
AND  
OTHER SELECTED ITEMS

MARKET ADMINISTRATOR  
2550 SCHUETZ ROAD  
MARYLAND HEIGHTS, MISSOURI 63043

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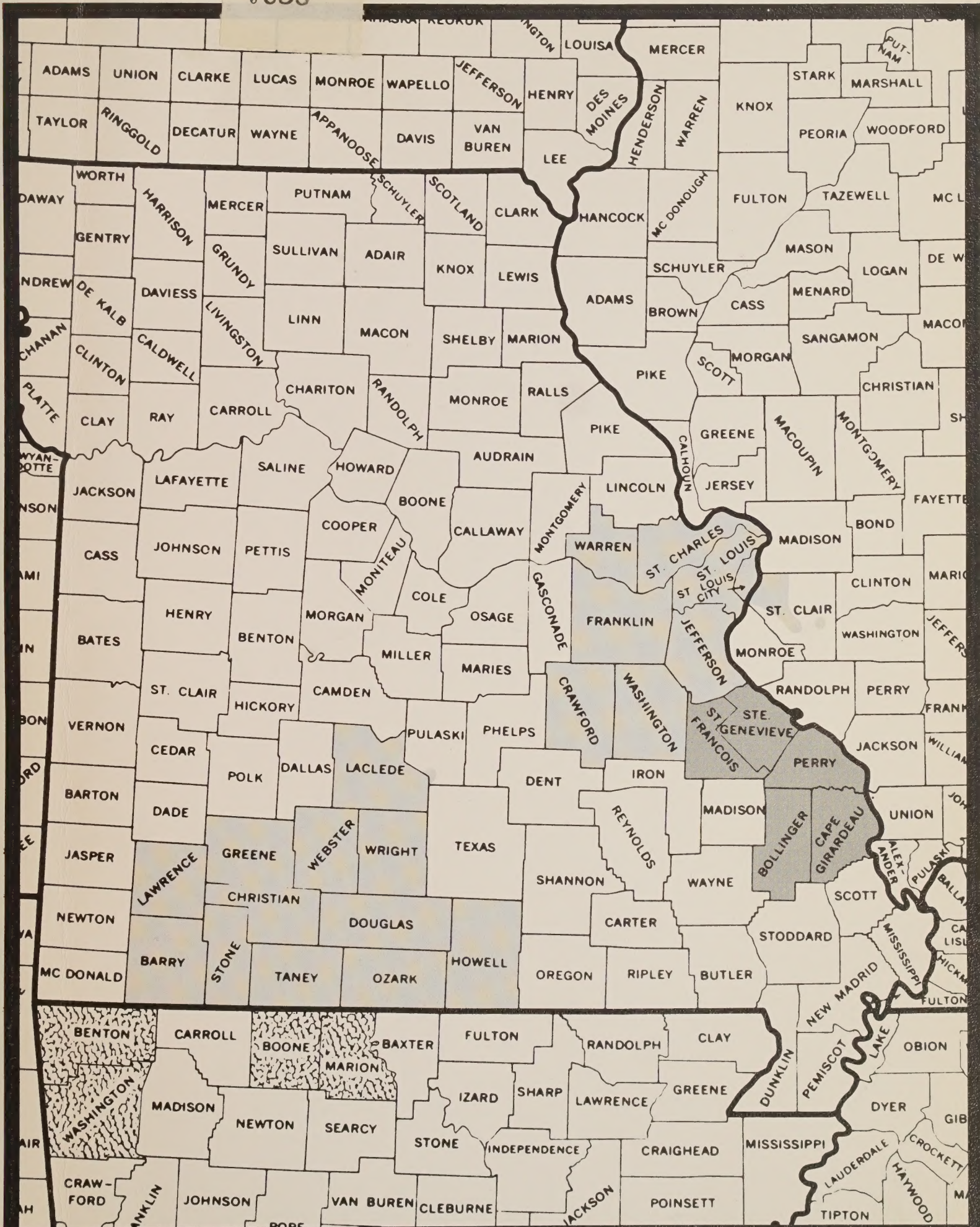


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ZONE II



ZONE III







UNITED STATES DEPARTMENT OF AGRICULTURE  
CONSUMER AND MARKETING SERVICE

DAIRY DIVISION  
FEDERAL ORDER NO. 62

ORDER REGULATING THE HANDLING OF MILK  
IN THE ST. LOUIS-OZARKS MARKETING AREA

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## General Provisions and Definitions

### § 1062.1 GENERAL PROVISIONS.

The terms, definitions, and provisions in Part 1000 of this chapter are hereby incorporated by reference and made a part of this order.

### § 1062.5 COOPERATIVE ASSOCIATION.

"Cooperative association" means any cooperative marketing association of producers which the Secretary determines:

- (a) To be qualified under the provisions of the Act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act"; and
- (b) To be engaged in making collective sales, or marketing milk or its products for its members.

### § 1062.6 ST. LOUIS-OZARKS MARKETING AREA.

"St. Louis-Ozarks marketing area", hereinafter called the marketing area, means all the territory within the designated military reservations, the corporate limits of the cities and the counties enumerated below:

#### Zone I

##### (Missouri Counties)

Barry.	Jefferson.	Stone.
Christian.	Laclede.	Taney.
Crawford.	Lawrence.	Warren.
Douglas.	Ozark.	Webster.
Franklin.	St. Charles.	Washington.
Greene.	St. Louis.	Wright.
Howell.		

and the city of St. Louis, Mo., Fort Leonard Wood Military Reservation in Missouri, and the territory within Scott Military Reservation, East St. Louis, Centreville, Canteen, and Stites Townships, and the city of Belleville, all in St. Clair County, Ill.

#### Zone II

##### (Missouri Counties)

Cape Girardeau.	Perry.
Bollinger.	Ste. Genevieve.
St. Francois.	

#### Zone III

##### (Arkansas Counties)

Benton.	Marion.
Boone.	Washington.



§ 1062.7 PRODUCER.

"Producer" means any person (other than a producer-handler as defined in any order including this part issued pursuant to the Act, or a person who is a producer under the terms of another order issued pursuant to the Act) who produces milk in compliance with the Grade A inspection requirements of a duly constituted health authority and whose milk is:

- (a) Received at a pool plant (excluding milk received as a diversion from another order plant which is allocated to Class II pursuant to § 1062.46(a)(4)(iii)); or
  - (b) Diverted as producer milk pursuant to § 1062.14.
- § 1062.8 HANDLER.

"Handler" means:

- (a) Any person who operates a pool plant;
- (b) Any person who operates a partially regulated distributing plant;
- (c) Any cooperative association with respect to milk of its member producers which is diverted from a pool plant of another handler to a nonpool plant for the account of such association;
- (d) Any cooperative association with respect to producer milk transferred from the producer's farm tank to a tank truck owned and operated by or under contract to such association for delivery to a pool plant if prior to delivery the operator of the pool plant gives notice in writing to both the market administrator and the association of his intention to purchase such milk on a basis of weights and butterfat tests other than as determined from farm tank measurements and farm tank samples;
- (e) A producer-handler, or any person who operates an order plant described in § 1062.61.

§ 1062.9 PRODUCER-HANDLER.

"Producer-handler" means any person who is both a dairy farmer and the operator of a distributing plant, and who meets the qualifications specified in paragraphs (a) and (b) of this section:

- (a) Receipts of fluid milk products at his plant are solely milk of his own production, fluid milk products from pool plants of other handlers, packaged fluid milk products from other order plants; and receipts of nonfluid milk products are used only to fortify fluid milk products; and
- (b) The maintenance, care and management of the dairy animals and other resources necessary to produce the milk and the processing, packaging and distribution of the milk are the personal enterprise and the personal risk of such person.



§ 1062.10 DISTRIBUTING PLANT.

"Distributing plant" means a plant which is approved by a duly constituted health authority for the processing or packaging of Grade A milk and from which during the month route disposition is made in the marketing area.

§ 1062.11 SUPPLY PLANT.

"Supply plant" means a plant which qualifies as a pool plant pursuant to § 1062.12(c) or from which fluid milk products, acceptable to a duly constituted health authority for distribution under a Grade A label, are shipped during the month to and physically received at a distributing plant.

§ 1062.12 POOL PLANT.

"Pool plant" means:

(a) Any distributing plant, other than that of a producer-handler or one described in § 1062.61, which:

(1) Has disposition during the month of fluid milk products, except filled milk, on routes and in packaged form to pool distributing plants, which, after subtraction of the quantity of packaged fluid milk products, except filled milk, received from other pool plants, is equal to at least 50 percent of such plant's total receipts of Grade A fluid milk products from dairy farmers (including milk diverted by the plant operator), supply plants and cooperative associations as handlers pursuant to § 1062.8(d), exclusive of packaged fluid milk products, except filled milk, received from other pool plants, and has route disposition in the marketing area in an amount equal to 10 percent or more of such receipts or an average of not less than 7,000 pounds per day, whichever is less; or

(2) Qualified as a pool plant in the immediately preceding month on the basis of the performance standards described in subparagraph (1) of this paragraph;

(b) Any supply plant from which during the month 50 percent or more of the Grade A milk received from dairy farmers and cooperative associations in their capacity as a handler pursuant to § 1062.8(d) is shipped to a plant(s) described in paragraph (a) of this section. Any supply plant which has shipped to a plant(s) described in paragraph (a) of this section the required percentages of its receipts during each of the months of September through February shall be designated a pool plant in each of the following months of March through August unless the plant operator requests the market administrator in writing that such plant not be a pool plant. Such nonpool plant status shall be effective the first month following such notice and thereafter until the plant again qualifies as a pool plant on the basis of shipments;

- (c) Any plant which is operated by or under contract to a cooperative association, or a federation of cooperatives, if:
- (1) The operator of such plant(s) requests pool status, and 50 percent or more of all the Grade A milk from farms of the member producers of such cooperative or federation including milk delivered by the cooperative as a handler pursuant to § 1062.8(d) has been shipped to and physically received at pool distributing plants during the current month or the previous 12-month period ending with the current month, either directly from producer member farms or by transfer from such association plant(s); and
  - (2) Such a plant does not qualify during the month as a "pool plant" under another market pool order issued pursuant to the Act by making shipments of milk to plants which qualify as "pool plants" under such other order; or
  - (3) Such plant meets the requirements of subparagraph (2) of this paragraph and met the requirements of subparagraph (1) of this paragraph in the preceding month.

§ 1062.13 NONPOOL PLANT.

"Nonpool plant" means any milk or filled milk receiving, manufacturing, or processing plant other than a pool plant. The following categories of nonpool plants are further defined as follows:

- (a) "Other order plant" means a plant that is fully subject to the pricing and pooling provisions of another order issued pursuant to the Act;
- (b) "Producer-handler plant" means a plant operated by a producer-handler as defined in any order (including this part) issued pursuant to the Act;
- (c) "Partially regulated distributing plant" means a nonpool plant that is neither an other order plant nor a producer-handler plant which has route disposition of fluid milk products in consumer-type packages or dispenser units in the marketing area during the month; and
- (d) "Unregulated supply plant" means a nonpool plant that is neither an other order plant nor a producer-handler plant, from which fluid milk products are shipped to a pool plant.

§ 1062.14 PRODUCER MILK.

"Producer milk" means milk produced by producers which is received and accounted for as follows:

- (a) By the operator of a pool plant (including a cooperative association) with respect to milk;



- (1) Received at the pool plant from producers or from a cooperative association as a handler pursuant to § 1062.8(d), but excluding milk received as a diversion from another order plant which is allocated to Class II pursuant to § 1062.46(a)(4)(iii);
  - (2) Diverted by the operator of the pool plant to another pool plant or to a nonpool plant subject to the conditions of paragraph (c) of this section;
- (b) By a cooperative association with respect to milk:
- (1) Which it receives from producers as a handler diverting the milk pursuant to § 1062.8(c), subject to the conditions of paragraph (c) of this section; and
  - (2) Which it receives from producers as a handler pursuant to § 1062.8(d) and which:
    - (i) Is delivered to a pool plant of another handler; or
    - (ii) Is not so delivered and constitutes shrinkage pursuant to § 1062.41(b)(10) or Class I shrinkage.
- (c) Milk may be diverted by the operator of a pool plant or by a cooperative association pursuant to the following conditions with respect to each producer:
- (1) By the operator of a pool plant to another pool plant(s) for not more days of production of producer milk than is physically received at the pool plant from which diverted;
  - (2) By the operator of a pool plant or by a cooperative association in its capacity as a handler pursuant to § 1062.8(c) to a nonpool plant(s) at which the handling of milk is not fully subject to the pricing and pooling provisions of another order issued pursuant to the Act on any day during each of the months of March through August and for not more days of production of producer milk than is physically received at pool plants (less the number of days production diverted pursuant to subparagraph (3) of this paragraph) during each of the months of September through February.
  - (3) By the operator of a pool plant or by a cooperative association in its capacity as a handler pursuant to § 1062.8(c) as Class II milk to a nonpool plant(s) at which the handling of milk is fully subject to the pricing and pooling provisions of another order issued pursuant to the Act for not more days of

production of producer milk than is physically received at pool plants less the number of days production diverted pursuant to subparagraph (2) of this paragraph, if such milk is not fully subject to the pricing and pooling provisions of such other order;

- (4) For pricing purposes, milk diverted pursuant to subparagraphs (2) and (3) of this paragraph to a plant located more than 120 miles from the city hall in St. Louis or the city hall in Springfield, Mo., whichever is nearer (by the shortest highway distance as determined by the market administrator using the most current issue of the Household Carriers Guide) or milk diverted pursuant to subparagraph (1) of this paragraph, shall be deemed to be received by the diverting handler at the location of the plant to which diverted.
- (5) For pricing purposes, milk diverted pursuant to subparagraph (2) or (3) of this paragraph to a plant located 120 miles or less from the city hall in St. Louis or the city hall in Springfield, Mo., whichever is nearer (by the shortest highway distance as determined by the market administrator using the most current issue of the Household Carriers Guide), shall be deemed to be received at the location of the plant from which diverted.

§ 1062.15 OTHER SOURCE MILK.

"Other source milk" means all the skim milk and butterfat contained in:

- (a) Receipts of fluid milk products during the month except:
  - (1) Fluid milk products received from pool plants;
  - (2) Producer milk;
  - (3) Inventory of fluid milk products on hand at the beginning of the month; and
- (b) Products, other than fluid milk products from any source (including those produced at the plant) which are reprocessed or converted to another product in the plant during the month and any disappearance of nonfluid milk products not otherwise accounted for.

§ 1062.16 FLUID MILK PRODUCTS.

"Fluid milk product" means milk, skim milk, concentrated milk, buttermilk, flavored milk, milk drinks (plain or flavored), fortified milk or skim milk (including "dietary milk products"), filled milk, reconstituted milk or skim milk, sour cream and sour cream mixtures labeled Grade A, cream or any mixture in fluid form of milk or skim milk and cream (except frozen or aerated cream, ice cream or frozen dessert mixes, eggnog, sour cream or sour cream mixtures not labeled Grade A, dips not labeled Grade A, and sterilized milk



and milk products hermetically sealed in metal or glass containers and so processed either before or after sealing so as to prevent microbial spoilage). This definition shall not include a product which contains 6 percent or more nonmilk fat (or oil).

§ 1062.17 ROUTE DISPOSITION.

"Route disposition" or "disposed of on routes" means any delivery of a fluid milk product to a retail or wholesale outlet (including any delivery through a vendor, or a sale in packaged form from a plant or plant store) except a delivery to another plant or to commercial food establishments pursuant to § 1062.41(b)(4).

§ 1062.18 CHICAGO BUTTER PRICE.

"Chicago butter price" means the simple average of the daily wholesale selling prices (using the midpoint of any price range as one price) per pound of Grade A (92-score) bulk creamery butter at Chicago as reported during the month by the Department.

§ 1062.19 FILLED MILK.

"Filled milk" means any combination of nonmilk fat (or oil) with skim milk (whether fresh, cultured, reconstituted or modified by the addition of nonfat milk solids), with or without milkfat, so that the product (including stabilizers, emulsifiers or flavoring) resembles milk or any other fluid milk product; and contains less than 6 percent nonmilk fat (or oil).

§ 1062.22 ADDITIONAL DUTIES OF THE MARKET ADMINISTRATOR.

In addition to the duties specified in § 1000.3(c) of this chapter, the market administrator shall perform the following duties:

- (i) Publicly announce by posting in a conspicuous place in his office and by such other means as he deems appropriate and mail to each handler at his last known address the prices determined for each month as follows:
  - (1) On or before the fifth day of each month the minimum price for Class I milk computed pursuant to § 1062.51(a) and the Class I butterfat differential pursuant to § 1062.52(a), both for the current month; and the minimum price for Class II milk computed pursuant to § 1062.51(b) and the Class II butterfat differential pursuant to § 1062.52(b), both for the previous month; and
  - (2) On or before the 10th day of each month the uniform price computed pursuant to § 1062.71 and the butterfat differential computed pursuant to § 1062.81, both for the previous month;
- (k) On or before the 10th day of each month report to each cooperative association, which so requests, the percentage utilization of milk received from producers or from a cooperative association in its capacity as a handler pursuant

to § 1062.8(d) in each class by each handler who in the previous month received milk from members of such cooperative association;

- (l) Whenever required for purpose of allocation of receipts from other order plants pursuant to § 1062.46(a)(8) and the corresponding step of § 1062.46(b), the market administrator shall estimate and publicly announce the utilization (to the nearest whole percentage) in each class during the month of skim milk and butterfat, respectively, in producer milk of all handlers. Such estimate shall be based upon the most current available data and shall be final for such purpose;
- (m) Report to the market administrator of the other order, as soon as possible after the report of receipts and utilization for the month is received from a handler who has received fluid milk products from an other order plant, the classification to which such receipts are assigned and thereafter any change in such classification required to correct errors disclosed in verification of such report. In the case of milk received from an other order market pool plant the classification of such milk shall be the quantities assigned to Class I milk and Class II milk pursuant to § 1062.46. In the case of milk received from an other order handler pool plant, the market administrator shall report the allocation of skim milk and butterfat in the same percentage as the market-wide estimate for all handlers pursuant to paragraph (l) of this section.
- (n) Furnish to each handler operating a pool plant who has shipped fluid milk products to an other order plant, the classification to which the skim milk and butterfat in such fluid milk products were allocated by the market administrator of the other order on the basis of the report of the receiving handler; and, as necessary, any changes in such classification arising in the verification of such report.

#### Reports

#### § 1062.30 REPORTS OF RECEIPTS AND UTILIZATION.

On or before the seventh day after the end of each month reports for such month shall be made to the market administrator in the detail and on forms prescribed by the market administrator:

- (a) Each handler described in § 1062.8(a) shall report with respect to each of his pool plants as follows:

- (l) Receipts of skim milk and butterfat in:

- (i) Producer milk received both from producers and from cooperative associations acting as handlers pursuant to § 1062.8(d);
- (ii) Fluid milk products received from other pool plants; and



- (iii) Other source milk, with the identity of each source;
  - (2) Opening inventories of fluid milk products;
  - (3) The utilization or disposition of all quantities required to be reported, including separate statements of quantities:
    - (i) Of fluid milk products on hand at the end of the month;
    - (ii) Of route disposition of fluid milk products in the marketing area, and route disposition of filled milk in and outside the marketing area; and
  - (4) Such other information with respect to receipts and utilization as the market administrator may request;
- (b) Each handler described in § 1062.8(b) shall report as required in paragraph (a) of this section, except that receipts of Grade A milk from dairy farmers shall be reported in lieu of producer milk and such report shall include a separate statement showing the quantity of reconstituted skim milk in fluid milk products disposed of on routes in the marketing area; and
- (c) Each cooperative association shall report with respect to milk for which it is a handler pursuant to § 1062.8(c) and (d), as follows:
- (1) Receipts of skim milk and butterfat in producer milk;
  - (2) Utilization of milk for which it is the handler pursuant to § 1062.8(c);
  - (3) The quantities of skim milk and butterfat delivered to each pool plant of another handler pursuant to § 1062.8(d); and
  - (4) Such other information as the market administrator may require.

#### § 1062.31 PAYROLL REPORTS.

On or before the 20th day after the end of the month each handler described in § 1062.8(a), for each of his pool plants, and each cooperative association with respect to milk for which it is the handler pursuant to § 1062.8(c) and (d) shall submit to the market administrator the producer payroll and each handler making payments pursuant to § 1062.62(a) his payroll for dairy farmers delivering Grade A milk, which shall show for each producer or dairy farmer:

- (a) The name and address;
- (b) The total pounds of milk received and the average butterfat content thereof;

- (c) The total pounds of milk diverted and the location of the plant to which diverted; and
- (d) The price, amount and date of payment with the nature and amount of any deductions.

§ 1062.32 OTHER REPORTS.

- (a) Each producer-handler and each handler exempt from regulation pursuant to § 1062.61 shall make reports to the market administrator at such time and in such manner as the market administrator may request; and
- (b) Each handler who receives milk from producers, payment for which is to be made to a cooperative association pursuant to § 1062.80(c) shall report to such cooperative association with respect to each such producer, on forms approved by the market administrator, as follows:

- (1) On or before the 25th of the month, the total pounds of milk received during the first 15 days of the month;
- (2) On or before the seventh day after the end of the month:

- (i) The total pounds of milk and the average butterfat test of milk received from such producer during the month;
- (ii) The amount or rate and nature of any deductions; and
- (iii) The amount of any payments due such producer pursuant to § 1062.86(c) and (d).

Classification

§ 1062.40 SKIM MILK AND BUTTERFAT TO BE CLASSIFIED.

All skim milk and butterfat required to be reported pursuant to § 1062.30 shall be classified by the market administrator pursuant to the provisions of §§ 1062.41 through 1062.46. If any of the water contained in the milk from which a product is made is removed before the product is utilized or disposed of by a handler, the pounds of skim milk used or disposed of in such product shall be considered to be an amount equivalent to the nonfat milk solids contained in such product, plus all of the water originally associated with such solids.

§ 1062.41 CLASSES OF UTILIZATION.

Subject to the conditions set forth in §§ 1062.43 through 1062.46 the classes of utilization shall be as follows:



(a) Class I milk. Class I milk shall be all skim milk and butterfat:

(1) Disposed of in the form of a fluid milk product (including those reconstituted) except:

- (i) Any fluid milk product fortified with added solids shall be Class I milk in an amount equal only to the weight of an equal volume of a like unmodified product of the same butterfat content; and
- (ii) Any fluid milk product classified pursuant to subparagraphs (2), (3), and (4) of paragraph (b) of this section; and

(2) Not specifically accounted for as Class II milk; and

(b) Class II milk. Class II milk shall be all skim milk and butterfat:

- (1) Used to produce any product other than a fluid milk product;
- (2) In fluid milk products disposed of for livestock feed;
- (3) In fluid milk products dumped after notification to an opportunity for verification as may be requested by the market administrator;
- (4) Disposed of in fluid milk products in bulk form to any commercial food processing establishment for use in food products prepared for consumption off the premises;
- (5) Used to produce frozen cream;
- (6) In inventory of fluid milk products on hand at the end of the month;
- (7) In that portion of "fortified" fluid milk products not classified as Class I milk pursuant to paragraph (a)(1)(i) of this section;
- (8) In shrinkage of skim milk and butterfat, respectively, assigned at each pool plant pursuant to § 1062.42(b)(1), but not to exceed the following:
  - (i) Two percent of producer milk excluding milk received from a cooperative as a handler pursuant to § 1062.8(d); plus
  - (ii) One and a half percent of receipts of milk in bulk tank lots from other pool plants; plus

- (iii) One and a half percent of milk received from a cooperative association which is a handler for such milk pursuant to § 1062.8(d); plus
  - (iv) One and a half percent of receipts of fluid milk products in bulk tank lots from an other order plant, exclusive of the quantity for which Class II milk utilization was requested by the operator of such plant and the handler; plus
  - (v) One and a half percent of receipts of fluid milk products in bulk tank lots from unregulated supply plants, exclusive of the quantity for which Class II milk utilization was requested by the handler; less
  - (vi) One and a half percent of milk disposed of in bulk tank lots to other milk plants, except, in the case of milk diverted by the pool plant operator to a nonpool plant, if the operator of the plant to which the milk is diverted purchases such milk on the basis of farm weights and butterfat tests from samples taken at the farm, the applicable percentages shall be 2 percent;
- (9) In shrinkage of skim milk and butterfat, respectively, assigned pursuant to § 1062.42(b)(2); and
- (10) In shrinkage of skim milk and butterfat, respectively, of milk for which a cooperative association is the handler pursuant to § 1062.8(c) or (d), but not in excess of one-half percent of such receipts, exclusive of receipts for which farm weights and butterfat samples are used as the basis of receipt at the plant to which delivered.

#### § 1062.42 ASSIGNMENT OF SHRINKAGE.

The market administrator shall allocate shrinkage over a handler's receipts at each pool plant as follows:

- (a) Compute the total shrinkage of skim milk and butterfat, respectively, for each handler at each plant; and
- (b) If the pool plant has receipts of other source milk, shrinkage shall be prorated between:
  - (1) Skim milk and butterfat, respectively, in the receipts included in § 1062.41(b)(8); and



- (2) Skim milk and butterfat in other source milk in the form of fluid milk products exclusive of that specified in § 1062.41(b)(8).

§ 1062.44 TRANSFERS.

Skim milk or butterfat in the form of a fluid milk product shall be classified:

- (a) At the utilization indicated by the operators of both plants in their reports pursuant to § 1062.30, otherwise as Class I milk, if transferred or diverted from a pool plant to another pool plant, subject in either event to the following conditions:
  - (1) The skim milk or butterfat so assigned to either class shall be limited to the amount thereof remaining in such class in the transferee plant after computations pursuant to § 1062.46(a)(8) and the corresponding step of § 1062.46(b);
  - (2) If the transferor plant received during the month other source milk to be allocated pursuant to § 1062.46(a)(3) and the corresponding step of § 1062.46(b), the skim milk and butterfat so transferred or diverted shall be classified so as to allocate the least possible Class I utilization to such other source milk; and
  - (3) If the handler transferring to the pool plant of another handler received during the month other source milk to be allocated pursuant to § 1062.46(a)(7) and (8) and the corresponding steps of § 1062.46(b), the skim milk and butterfat so transferred or diverted up to the total of such receipts shall not be classified as Class I milk to a greater extent than would be applicable to a like quantity of such other source milk received at the transferee plant;
- (b) As Class I milk, if transferred from a pool plant to a producer-handler under this or any other order or transferred or diverted to a plant exempt pursuant to § 1062.60(b);
- (c) As Class I milk, if transferred in bulk or diverted to a nonpool plant that is neither an other order plant nor a producer-handler plant, located more than 350 miles, by the shortest highway distance as determined by the market administrator, from the City Hall, St. Louis, Mo., except that cream so transferred may be classified as Class II milk if prior written notice is given to the market administrator and each container is labeled by the transferor as "non-Grade A" cream for manufacturing only;

(d) As Class I milk, if transferred or diverted in bulk to a nonpool plant that is neither an other order plant nor a producer-handler plant, located not more than 350 miles, by the shortest highway distance as determined by the market administrator, from the City Hall, St. Louis, Mo., unless the requirements of subparagraphs (1) and (2) of this paragraph are met, in which case the skim milk and butterfat so transferred or diverted shall be classified in accordance with the assignment resulting from subparagraph (3) of this paragraph:

(1) The transferring or diverting handler claims classification pursuant to the assignment set forth in subparagraph (3) of this paragraph in his report submitted to the market administrator pursuant to § 1062.30 for the month within which such transaction occurred;

(2) The operator of such nonpool plant maintains books and records showing the utilization of all skim milk and butterfat received at such plant which are made available if requested by the market administrator for the purpose of verification; and

(3) The skim milk and butterfat so transferred or diverted shall be classified on the basis of the following assignment of utilization at such nonpool plant in excess of receipts of packaged fluid milk products from all pool plants and other order plants:

(i) Any Class I milk utilization disposed of on routes in the marketing area shall be first assigned to the skim milk and butterfat in the fluid milk products so transferred or diverted from pool plants, next pro rata to receipts from other order plants and thereafter to receipts from dairy farmers who the market administrator determines constitute regular sources of supply of Grade A milk for such nonpool plant;

(ii) Any Class I milk utilization disposed of on routes in the marketing area of another order issued pursuant to the Act shall be first assigned to receipts from plants fully regulated by such order, next pro rata to receipts from pool plants and other order plants not regulated by such order, and thereafter to receipts from dairy farmers who the market administrator determines constitute regular sources of supply for such nonpool plant;



- (iii) Class I milk utilization in excess of that assigned pursuant to subdivisions (i) and (ii) of this subparagraph shall be assigned first to remaining receipts from dairy farmers who the market administrator determines constitute the regular source of supply for such nonpool plant and Class I milk utilization in excess of such receipts shall be assigned pro rata to unassigned receipts at such nonpool plant from all pool and other order plants; and
  - (iv) To the extent that Class I milk utilization is not so assigned to it, the skim milk and butterfat so transferred or diverted shall be classified as Class II milk; and
  - (v) If any skim milk or butterfat is transferred to a second nonpool plant under this paragraph the same conditions of audit, classification, and allocation shall apply; and
- (e) As follows, if transferred or diverted to an other order plant in excess of receipts from such plant in the same category as described in subparagraph (1), (2), or (3) of this paragraph:
- (1) If transferred in packaged form, classification shall be in the classes to which allocated as a fluid milk product under the other order;
  - (2) If transferred or diverted in bulk form, classification shall be in the classes to which allocated as a fluid milk product under the other order (including allocation under conditions set forth in subparagraph (3) of this paragraph);
  - (3) If the operators of both the transferor and transferee plants so request in the reports of receipts and utilization filed with their respective market administrators, transfers or diversions in bulk form shall be classified as Class II milk to the extent of the Class II milk utilization (or comparable utilization under such other order) available for such assignment pursuant to the allocation provisions of the transferee order;
  - (4) If information concerning the classification to which allocated under the other order is not available to the market administrator for purposes of establishing classification pursuant to this paragraph, classification shall be as Class I milk subject to adjustment when such information is available;

- (5) For purposes of this paragraph (e), if the transferee order provides for more than two classes of utilization, skim milk and butterfat allocated to a class consisting primarily of fluid products shall be classified as Class I milk, and skim milk and butterfat allocated to another class shall be classified as Class II milk; and
- (6) If the form in which any fluid milk products is transferred to an other order plant is not defined as a fluid milk product under such other order, classification shall be in accordance with the provisions of § 1062.41.

§ 1062.45 COMPUTATION OF SKIM MILK AND BUTTERFAT IN EACH CLASS.

- (a) For each month the market administrator shall correct for mathematical and other obvious errors the reports of receipts and utilization submitted pursuant to § 1062.30 for each pool plant of each handler;
- (b) Compute the pounds of skim milk and butterfat in each class:
  - (1) At each pool plant of each handler;
  - (2) In milk diverted from another handler's plant to a nonpool plant by a cooperative association pursuant to § 1062.8(c); and
  - (3) In milk accounted for by a cooperative association as shrinkage of milk handled by the association pursuant to § 1062.8(d); and
- (c) In the case of the operator of more than one plant, allocation of producer milk to Class I and Class II milk pursuant to § 1062.46(a) and (b) shall be on an individual plant basis unless pursuant to such allocation fluid milk products are assigned pursuant to § 1062.46(a) (7) or (8), and the corresponding steps of § 1062.46(b), in which case allocation pursuant to § 1062.46 shall be based upon the combined receipts and utilization (less transfers between pool plants of the same handler) at all plants of the handler (i.e., on a system basis); and
- (d) Compute for each cooperative association reporting pursuant to § 1062.30(c) the total pounds of skim milk and butterfat, respectively, in producer milk pursuant to § 1062.14(b) (1) and (2)(ii) in each class. The amount so determined shall be those used for computation pursuant to § 1062.46(c).

§ 1062.46 ALLOCATION OF SKIM MILK AND BUTTERFAT CLASSIFIED.

After making the computations pursuant to § 1062.45, the market administrator shall determine the classification of producer milk for each handler (or pool plant, if applicable) as follows:

- (a) Skim milk shall be allocated in the following manner:



- (1) Subtract from the total pounds of skim milk in Class II milk the pounds of skim milk classified as Class II milk pursuant to § 1062.41(b)(8);
- (2) Subtract from the remaining pounds of skim milk in each class the pounds of skim milk in fluid milk products received in packaged form from other order plants, except that to be subtracted pursuant to subparagraph (3)(v) of this paragraph, as follows:
  - (i) From Class II milk, the lesser of the pounds remaining or 2 percent of such receipts; and
  - (ii) From Class I milk, the remainder of such receipts;
- (3) Subtract in the order specified below from the pounds of skim milk remaining in each class, in series beginning with Class II milk, the pounds of skim milk in each of the following:
  - (i) Other source milk in a form other than that of a fluid milk product;
  - (ii) Receipts of fluid milk products (except filled milk) for which Grade A certification is not established, and receipts of fluid milk products from unidentified sources;
  - (iii) Receipts of fluid milk products from a producer-handler, as defined under this or any other Federal order or from a plant exempt pursuant to § 1062.60(b);
  - (iv) Receipts of reconstituted skim milk in filled milk from unregulated supply plants; and
  - (v) Receipts of reconstituted skim milk in filled milk from other order plants which are regulated under an order providing for individual handler pooling to the extent that reconstituted skim milk is allocated to Class I at the transferor plant;
- (4) Subtract, in the order specified below, from the pounds of skim milk remaining in Class II milk but not in excess of such quantity:
  - (i) The pounds of skim milk in receipts of fluid milk products from an unregulated supply plant that were not subtracted pursuant to subparagraph (3)(iv) of this paragraph;
    - (a) For which the handler requests Class II milk utilization; or

- (b) Which are in excess of the pounds of skim milk determined by multiplying the pounds of skim milk remaining in Class I milk by 1.25 and subtracting the sum of the pounds of skim milk in producer milk, receipts from other pool plants and receipts in bulk from other order plants, that were not subtracted pursuant to subparagraph (3)(v) of this paragraph; and
- (ii) Receipts of fluid milk products in bulk from an other order plant, that were not subtracted pursuant to subparagraph (3)(v) of this paragraph, in excess of similar transfers to such plant, if Class II milk utilization was requested by the operator of such plant and the handler;
- (iii) The pounds of skim milk in receipts of milk by diversion from an other order plant for which Class II utilization was requested by the receiving handler and by the diverting handler under the other order, but not in excess of the pounds of skim milk remaining in Class II milk;
- (5) Subtract from the pounds of skim milk remaining in each class, in series beginning with Class II milk, the pounds of skim milk in inventory of fluid milk products on hand at the beginning of the month;
- (6) Add to the remaining pounds of skim milk in Class II milk the pounds subtracted pursuant to subparagraph (1) of this paragraph;
- (7) Subtract from the pounds of skim milk remaining in each class, pro rata to such quantities, the pounds of skim milk in receipts of fluid milk products from unregulated supply plants which were not subtracted pursuant to subparagraphs (3)(iv) or (4)(i) of this paragraph;
- (8) Subtract from the pounds of skim milk remaining in each class, in the following order, the pounds of skim milk in receipts of fluid milk products in bulk from an other order plant(s), in excess in each case of similar transfers to the same plant, which were not subtracted pursuant to subparagraphs (3)(v) or (4)(ii) of this paragraph;



- (i) In series beginning with Class II milk, the pounds determined by multiplying the pounds of such receipts by the larger of the percentage of estimated Class II milk utilization of skim milk announced for the month by the market administrator pursuant to § 1062.22(1) or the percentage that Class II milk utilization remaining is of the total remaining utilization of skim milk of the handler;
  - (ii) From Class I milk, the remaining pounds of such receipts; and
  - (iii) The quantity of skim milk, if any, subtracted pursuant to subdivision (ii) of this subparagraph shall be assigned pro rata to the receipts from other order plants under market pool orders and under handler pool orders which were assigned pursuant to subdivisions (i) and (ii) of this subparagraph (the skim milk subtracted pursuant to subdivision (i) of this subparagraph shall be subject to the same proration);
- (9) Subtract from the pounds of skim milk remaining in each class the pounds of skim milk received in fluid milk products transferred or diverted from pool plants of other handlers (or other pool plants, if applicable) according to the classification assigned pursuant to § 1062.44(a); and
- (10) If the pounds of skim milk remaining in both classes exceed the pounds of skim milk in producer milk, subtract such excess from the pounds of skim milk remaining in each class in series beginning with Class II milk. Any amount so subtracted shall be known as "overage";
- (b) Butterfat shall be allocated in accordance with the procedure outlined for skim milk in paragraph (a) of this section; and
- (c) Combine the amounts of skim milk and butterfat determined pursuant to paragraphs (a) and (b) of this section and § 1062.45(d) for each class and determine the weighted average butterfat content of producer milk in each class.

#### Minimum Prices

#### § 1062.50 BASIC FORMULA PRICE.

The basic formula price shall be the average price per hundredweight for manufacturing grade milk, f.o.b. plants in Wisconsin and Minnesota, as reported by the Department for the month, adjusted to a 3.5 percent butterfat basis by a butterfat differential rounded to the nearest one-tenth cent

computed at 0.12 times the Chicago butter price for the month. The basic formula price shall be rounded to the nearest full cent. For the purpose of computing Class I prices, the basic formula price shall not be less than \$4.33

§ 1062.51 CLASS PRICES.

Subject to the provisions of §§ 1062.52 and 1062.53, the class prices per hundredweight for the month shall be as follows:

- (a) Class I price. The Class I price at plants located in Zone I shall be the basic formula price for the preceding month plus \$1.40, and plus 20 cents.
- (b) Class II milk price. The Class II price shall be the basic formula price for the month.

§ 1062.52 HANDLER BUTTERFAT DIFFERENTIALS.

If the average butterfat test of Class I or Class II milk as calculated pursuant to § 1062.46 is more or less than 3.5 percent, there shall be added to, or subtracted from, as the case may be, the price for such class of utilization for each one-tenth of 1 percent that such average butterfat test is above or below 3.5 percent, a butterfat differential computed by multiplying the Chicago butter price by the applicable factor listed below, and rounding to the nearest one-tenth cent;

- (a) Class I milk. Multiply such price for the preceding month by 0.12; and
- (b) Class II milk. Multiply such price for the current month by 0.115.

§ 1062.53 LOCATION DIFFERENTIALS TO HANDLERS.

For milk received from producers or from a cooperative association pursuant to § 1062.8(d) at a pool plant and which is classified as Class I milk or assigned Class I location adjustment credit pursuant to paragraphs (f) and (g) of this section or for other source milk to which a location adjustment is applicable, the price at such pool plant located:

- (a) In Zone I of the marketing area, shall be the price computed pursuant to § 1062.51(a) except as provided in paragraph (d) of this section.
- (b) In Zone II of the marketing area, shall be the Zone I price plus a location adjustment of 15 cents;
- (c) In Zone III of the marketing area, shall be the Zone I price plus a location adjustment of 17 cents.
- (d) In Zone A (the Missouri counties of Barry, Christian, Douglas, Greene, Howell, Laclede, Lawrence, Ozark, Stone, Taney, Webster, Wright, and Texas), for any plant which does not dispose of fluid milk products in consumer type packages and which is qualified as a pool plant pursuant to § 1062.12(b) or (c) or



a supply plant which qualifies pursuant to § 1062.12(d) shall be the price pursuant to § 1062.51(a) less 27 cents.

- (e) Outside the marketing area and Texas County, Mo., and more than 30 miles from the City Hall, St. Louis, Mo., or the city hall in Springfield, Mo., whichever is nearer shall be the Class I price applicable in Zone I, less a location adjustment of 1.5 cents for each 10 miles or fraction thereof that such plant is located from the City Hall, St. Louis, Mo., or the city hall in Springfield, Mo., whichever is nearer (the distance to be by shortest hard-surfaced highway as determined by the market administrator);
- (f) In the case of transfers between plants, location adjustment shall apply at the transferor plant with respect to a quantity of the transfer calculated as follows: From total Class I milk utilization at the transferee plant subtract Class I milk assigned to receipts from other order plants and unregulated supply plants, and 95 percent of the receipts from producers and from cooperative associations as handlers pursuant to § 1062.8(d); and assign the remaining Class I milk to receipts from other pool plants beginning with receipts from plants with plus location adjustment, then to receipts from plants with no location adjustment, and then in sequence to receipts from plants at which the smallest minus adjustments apply.
- (g) For purposes of calculations pursuant to this section, the following assignments of Class I utilization to pool plants will apply when allocation pursuant to § 1062.46 is performed on a system basis:
  - (1) Allocations to Class I pursuant to each of the following subparagraphs of § 1062.46(a) and (b), will be assigned to the plant(s) at which any milk of the respective category was received or was in inventory, pro rata in each case to the respective quantities of such milk at each of such plants: § 1062.46(a) and (b), (2), (3), (5), (7), and (8); and
  - (2) If Class I utilization pursuant to § 1062.45(b)(1) remaining at a pool plant after subtraction of the quantities assigned pursuant to subparagraph (1) of this paragraph is greater than receipts from producers and cooperative associations as handlers pursuant to § 1062.8(d) and other pool plants, Class I utilization equal to the amount of the excess will be assigned to the pool plant(s) of the handler at which an equivalent amount of producer milk (including milk from a cooperative association pursuant to § 1062.8(d) is not otherwise assigned to Class I, and at which the rate of location adjustment most nearly corresponds to that of the plant with such excess Class I utilization. The amount so assigned to another pool plant shall be added to Class I utilization pursuant to

§ 1062.45(b)(1) in computing the assignment of location adjustments to receipts at such plant pursuant to paragraph (f) of this section.

§ 1062.54 USE OF EQUIVALENT PRICES.

If for any reason a price quotation required by this order for computing class prices or for other purposes is not available in the manner described, the market administrator shall use a price determined by the Secretary to be equivalent to the price which is required.

Application of Provisions

§ 1062.60 EXEMPTIONS.

- (a) Producer-handler. Sections 1062.40 through 1062.46, §§ 1062.50 through 1062.54, §§ 1062.61, 1062.62, 1062.70 through 1062.72, and §§1062.80 through 1062.89 shall not apply to a producer-handler; and
- (b) Governmental agency. None of the provisions of this part except §§ 1062.13, 1062.44(b), and 1062.46(a)(3)(iii) shall apply to a plant operated by a governmental agency.

§ 1062.61 PLANTS SUBJECT TO OTHER FEDERAL ORDERS.

The provisions of this part shall not apply with respect to the operation of any plant specified in paragraph (a), (b), or (c) of this section except as specified in paragraphs (d) and (e):

- (a) A distributing plant which meets the pooling requirements of another Federal order and from which route disposition, except filled milk, during the month in such other Federal order marketing area is greater than was so disposed of in this marketing area, except that if such plant was subject to all the provisions of this part in the immediately preceding month, it shall continue to be subject to all of the provisions of this part until the third consecutive month in which a greater proportion of such Class I disposition is made in such other marketing area unless, notwithstanding the provisions of this paragraph, it is regulated under such other order;
- (b) A distributing plant which meets the pooling requirements of another Federal order and from which route disposition, except filled milk, during the month in this marketing area is greater than was so disposed of in such other Federal order marketing area but which plant is, nevertheless, fully regulated under such other Federal order;
- (c) A supply plant meeting the requirements of § 1062.12(b) which also meets the pooling requirements of another Federal order and from which greater qualifying shipments are made during the month to plants regulated under such other order than are made to plants regulated under this part, except during the months of March through August if such plant retains automatic pooling status under this part;



- (d) The operator of a plant specified in paragraph (a), (b), or (c) of this section shall, with respect to total receipts and utilization or disposition of skim milk and butterfat at the plant, make reports to the market administrator at such time and in such manner as the market administrator may require (in lieu of reports pursuant to §§ 1062.30 through 1062.32) and allow verification of such reports by the market administrator; and
- (e) Each handler operating a plant specified in paragraph (a) or (b) of this section, if such plant is subject to the classification and pricing provisions of another order which provides for individual handler pooling, shall pay to the market administrator for the producer-settlement fund on or before the 25th day after the end of the month an amount computed as follows:
- (1) Determine the quantity of reconstituted skim milk in filled milk disposed of on routes in the marketing area which was allocated to Class I at such other order plant. If reconstituted skim milk in filled milk is disposed of from such plant on routes in the marketing areas regulated by two or more market pool orders, the reconstituted skim milk assigned to Class I shall be prorated according to such disposition in each area.
  - (2) Compute the value of the quantity assigned in subparagraph (1) of this paragraph to Class I disposition in this area, at the Class I price under this part applicable at the location of the other order plant and subtract its value at the Class II price.

§ 1062.62 OBLIGATIONS OF HANDLERS OPERATING A PARTIALLY REGULATED DISTRIBUTING PLANT.

Each handler who operates a partially regulated distributing plant shall pay to the market administrator for the producer-settlement fund on or before the 25th day after the end of the month either of the amounts (at the handler's election) calculated pursuant to paragraph (a) or (b) of this section. If the handler fails to report pursuant to §§ 1062.30 and 1062.31 the information necessary to compute the amount specified in paragraph (a) of this section, he shall pay the amount computed pursuant to paragraph (b) of this section:

- (a) An amount computed as follows:

- (1) (i) The obligation that would have been computed pursuant to § 1062.70 at such plant shall be determined as though such plant were a pool plant. For purposes of such computation, receipts at such nonpool plant from a pool plant or an other order plant shall be assigned to the utilization at which classified at the pool plant or other

order plant and transfers from such nonpool plant to a pool plant or any other order plant shall be classified as Class II milk if allocated to such class at the pool plant or other order plant and be valued at the uniform price of the respective order if so allocated to Class I milk, except that reconstituted skim milk in filled milk shall be valued at the Class II price. There shall be included in the obligation so computed a charge in the amount specified in § 1062.70(e) and a credit in the amount specified in § 1062.84(b)(2) with respect to receipts from an unregulated supply plant, except that the credit for receipts of reconstituted skim milk in filled milk shall be at the Class II price, unless an obligation with respect to such plant is computed as specified in subdivision (ii) of this subparagraph; and

- (ii) If the operator of the partially regulated distributing plant so requests, and provides with his reports pursuant to §§ 1062.30 and 1062.31 similar reports with respect to the operations of any other nonpool plant which serves as a supply plant for such partially regulated distributing plant by shipments to such plant during the month equivalent to the requirements of § 1062.12(b) with agreement of the operator of such plant that the market administrator may examine the books and records of such plant for purposes of verification of such reports, there will be added the amount of the obligation computed at such nonpool supply plant in the same manner and subject to the same conditions as for the partially regulated distributing plant;

- (2) From this obligation there will be deducted the sum of:

- (i) The gross payments made by such handler for Grade A milk received during the month from dairy farmers at such plant and like payments made by the operator of a supply plant(s) included in the computations pursuant to subparagraph (1) of this paragraph; and



- (ii) Any payments to the producer-settlement fund of another order under which such plant is also a partially regulated distributing plant; and

(b) An amount computed as follows:

- (1) Determine the respective amounts of route disposition (other than to pool plants) of skim milk and butterfat disposed of in the marketing area;
- (2) Deduct the respective amounts of skim milk and butterfat received as Class I milk at the partially regulated distributing plant from pool plants and other order plants, except that deducted under a similar provision of another order issued pursuant to the Act;
- (3) Deduct the quantity of reconstituted skim milk in fluid milk products disposed of on routes in the marketing area;
- (4) Combine the amounts of skim milk and butterfat remaining into one total and determine the weighted average butterfat content; and
- (5) From the value of such milk at the Class I milk price applicable at the location of the nonpool plant, subtract its value at the uniform price applicable at such location (not to be less than the Class II milk price) and add for the quantity of reconstituted skim milk specified in subparagraph (3) of this paragraph its value computed at the Class I price applicable at the location of the nonpool plant less the value of such skim milk at the Class II price.

#### Determination of Uniform Price to Producers

#### § 1062.70 COMPUTATION OF THE NET POOL OBLIGATION OF EACH POOL HANDLER.

The net pool obligation at each pool plant (or of each pool handler if allocation is on a system basis) and of each cooperative association as a handler pursuant to § 1062.8(c) and (d) during each month shall be a sum of money computed by the market administrator as follows:

- (a) Multiply the quantity of producer milk in each class, as computed pursuant to § 1062.46(c), by the applicable class prices (adjusted pursuant to §§ 1062.52 and 1062.53);
- (b) Add the amount obtained from multiplying the pounds of overage deducted from each class pursuant to § 1062.46(a)(10) and the corresponding step of § 1062.46(b) by the applicable class prices;

- (c) Add the amount obtained by multiplying the difference between the Class II milk price for the preceding month and the Class I milk price for the current month by the hundredweight of skim milk and butterfat subtracted from Class I milk pursuant to § 1062.46(a)(5) and the corresponding step of § 1062.46(b);
- (d) Add an amount equal to the difference between the value at the Class I milk price applicable at the pool plant and the value at the Class II milk price, with respect to skim milk and butterfat in other source milk subtracted from Class I pursuant to § 1062.46(a)(3) and the corresponding step of § 1062.46(b), except that for receipts of fluid milk products assigned to Class I pursuant to § 1062.46(a)(3) (iv) and (v) and the corresponding step of § 1062.46(b) the Class I price shall be adjusted to the location of the transferor plant;
- (e) Add an amount equal to the value at the Class I price adjusted for location of the nearest nonpool plant(s) from which an equivalent weight was received, with respect to skim milk and butterfat subtracted from Class I pursuant to § 1062.46(a)(7) and the corresponding step of § 1062.46(b); and
- (f) Add the value of the skim milk and butterfat, respectively, in receipts of fluid milk products from a handler pool other order plant subtracted from each class pursuant to § 1062.46(a)(8) (iii), and the corresponding step of § 1062.46(b), at the applicable class prices pursuant to this part adjusted for location of the plant from which received.

#### § 1062.71 COMPUTATION OF UNIFORM PRICES.

For each month the market administrator shall compute the uniform price per hundredweight of milk received from producers as follows:

- (a) Combine into one total the values computed pursuant to § 1062.70 for all handlers who filed the reports prescribed by § 1062.30 for the month and who made the payments pursuant to §§ 1062.80 and 1062.84 for the preceding month;
- (b) Deduct the amount of the plus differentials and add the amount of the minus differentials, which are applicable pursuant to § 1062.82;
- (c) Subtract, if the average butterfat content of the milk specified in paragraph (e) of this section is more than 3.5 percent, or add, if such butterfat content is less than 3.5 percent, an amount computed by multiplying the amount by which the average butterfat content of such milk varies from 3.5 percent by the butterfat differential computed pursuant to § 1062.81 and multiplying the result by the total hundredweight of such milk;
- (d) Add an amount equal to not less than one-half of the unobligated balance in the producer-settlement fund;



- (e) Divide the resulting amount by the sum of the following for all handlers included in these computations:
- (1) The total hundredweight of producer milk; and
  - (2) The total hundredweight for which a value is computed pursuant to § 1062.70(e) and (f);
- (f) Subtract not less than four cents nor more than 5 cents per hundredweight. The result shall be the "weighted average price", and, except for the months specified below, shall be the "uniform price" for milk received from producers;
- (g) For the months specified in paragraphs (h) and (i) of this section, subtract from the amount resulting from the computations pursuant to paragraphs (a) through (d) of this section an amount computed by multiplying the hundredweight of milk specified in paragraph (e)(2) of this section by the weighted average price;
- (h) From the remainder subtract during each of the months of March and July an amount equal to 15 cents per hundredweight and during each of the months of April, May, and June an amount equal to 25 cents per hundredweight of the total amount of producer milk included in these computations. This amount shall be retained in the producer-settlement fund and disbursed according to the provisions of paragraph (i) of this section;
- (i) Add during each of the months of September and December 20 percent and during each of the months of October and November 30 percent of the total amount subtracted pursuant to paragraph (h) of this section (money in the producer-settlement fund retained for such purpose under the St. Louis and Ozarks orders shall be so applied pursuant to this paragraph);
- (j) Divide the resulting sum by the total hundredweight of producer milk included in these computations; and
- (k) Subtract not less than four cents nor more than five cents per hundredweight. The result shall be the "uniform price" for milk received from producers.

§ 1062.73 OVERDUE ACCOUNTS.

Any unpaid obligation of a handler pursuant to § 1062.84, §1062.86(a), § 1062.87(a), or § 1062.88 shall be increased one-half of one percent on the first day of the month following after the date such obligation is due and on the first day of each succeeding month until such obligation is paid. Any remittance received by the market administrator postmarked prior to the first of the month shall be considered to have been received when postmarked.

## Payments

### § 1062.80 TIME AND METHOD OF PAYMENT.

Each handler shall make payment as follows:

- (a) On or before the 17th day after the end of the month during which the milk was received, to each producer for whom payment is not made pursuant to paragraph (c) of this section, at not less than the applicable uniform price computed pursuant to § 1062.71 for such producer's deliveries of milk, adjusted by the butterfat and location differentials computed pursuant to §§ 1062.81 and 1062.82, and less the amount of the payment made pursuant to paragraph (b) of this section. If by such date such handler has not received full payment pursuant to § 1062.85, he may reduce his total payments uniformly to all producers by not more than the amount of the reduction in payment by the market administrator. He shall, however, complete such payments pursuant to this paragraph not later than the date for making such payments next following receipt of the balance from the market administrator;
- (b) On or before the last day of each month, to each producer:
  - (1) To whom payment is not made pursuant to paragraph (c) of this section; and
  - (2) Who is still delivering Grade A milk to such handler, a partial payment with respect to milk received from him during the first 15 days of such month computed at not less than the Class II price for 3.5 percent milk for the preceding month, without deduction for hauling;
- (c) On or before the 14th day after the end of each month and on or before the 25th day of each month, in lieu of payments pursuant to paragraphs (a) and (b), respectively, of this section, to a cooperative association which so requests, for milk which is received from members, and for which such association is determined by the market administrator to be authorized to collect payment, an amount equal to the sum of the individual payments otherwise payable to such producers; and
- (d) Each handler who receives milk for which a cooperative association is the handler pursuant to § 1062.8(d), shall, on or before the second day prior to the date payments are due individual producers, pay such cooperative association for such milk as follows:
  - (1) A partial payment for milk received during the first 15 days of the month at not less than the amount prescribed in paragraph (b)(2) of this section; and



- (2) In making final settlement, the value of such milk at the applicable uniform price, less payment made pursuant to subparagraph (1) of this paragraph.

- (e) On or before the 14th day after the end of each month, each handler shall pay to each cooperative association for milk the handler receives from a pool plant(s) operated by such association, not less than the minimum prices for milk in each class, subject to the applicable location and butterfat differentials.

§ 1062.81 BUTTERFAT DIFFERENTIALS TO PRODUCERS.

In making payments pursuant to § 1062.80(a), the uniform prices per hundredweight shall be adjusted by adding or subtracting for each one-tenth of 1 percent that the average butterfat content is above or below 3.5 percent a butterfat differential equal to the average of the butterfat differentials determined pursuant to § 1062.52 weighted by the pounds of butterfat in producer milk in each class, the result being rounded to the nearest one-tenth of a cent.

§ 1062.82 LOCATION DIFFERENTIALS TO PRODUCERS AND ON NONPOOL MILK.

- (a) For producer milk received at pool plants located outside Zone I and more than 30 miles from St. Louis city hall or the city hall in Springfield, Mo., whichever is nearer, there shall be added or deducted, as the case may be, an adjustment for each such plant for all milk at the rates specified in § 1062.53(b), (c), and (e); and
- (b) For purposes of computations pursuant to §§ 1062.84(b)(2) and 1062.85, the "weighted average price" shall be adjusted at the rates set forth in § 1062.53(b), (c), and (e) applicable at the location of the nonpool plant(s) from which the milk was received.

§ 1062.83 PRODUCER-SETTLEMENT FUND.

The market administrator shall establish and maintain a separate fund known as the "producer-settlement fund" into which he shall deposit all payments made by handlers pursuant to §§ 1062.61, 1062.62, 1062.84, and 1062.86, and out of which he shall make all payments to handlers pursuant to §§ 1062.85 and 1062.86. The market administrator shall offset the payment due to a handler against payments due from such handler.

§ 1062.84 PAYMENTS TO THE PRODUCER-SETTLEMENT FUND.

On or before the 12th day after the end of the month each handler shall pay to the market administrator the amount, if any, by which the total amounts (for each pool plant, if applicable) specified in paragraph (a) of this section exceed the amounts specified in paragraph (b) of this section:

- (a) The net pool obligation computed pursuant to § 1062.70 for such handler;
- (b) The sum of:

- (1) The value of such handler's producer milk at the applicable uniform prices specified in § 1062.80 excluding in the case of a cooperative association as a handler pursuant to § 1062.8(d) milk it delivered to a pool plant; and
- (2) The value at the "weighted average" price(s) applicable at the location of the plant(s) from which received (not to be less than the value at the Class II milk price) with respect to other source milk for which a value is computed pursuant to § 1062.70(e) and (f) plus in the case of milk received from a handler pool market the amount of the location differential at the location of the plant from which received applied to the quantity of Class II milk reported pursuant to § 1062.22(m) which is in excess of the Class II milk pursuant to § 1062.70(f) except that for milk received from a handler pool market the value applicable pursuant to this subparagraph shall not exceed the value for such quantity calculated pursuant to § 1062 70(f).

§ 1062.85 PAYMENTS OUT OF THE PRODUCER-SETTLEMENT FUND.

On or before the 13th day after the end of each month the market administrator shall pay to each handler the amount, if any (for each pool plant, if applicable), by which the amount computed pursuant to § 1062.84(b) exceeds the amount computed pursuant to § 1062.84(a). The market administrator shall offset any payment due any handler against payments due from such handler pursuant to §§ 1062.84, 1062.86, 1062.87, and 1062.88. If the balance in the producer-settlement fund is insufficient to make all payments pursuant to this section, the market administrator shall reduce uniformly such payments and shall complete such payments as soon as the necessary funds are available.

§ 1062.86 ADJUSTMENT OF ERRORS IN PAYMENTS.

- (a) Whenever verification by the market administrator of reports or payments of any handler discloses error in payments to the producer-settlement fund made pursuant to § 1062.84, the market administrator shall promptly bill such handler for any unpaid amount and such handler shall within 30 days of the date of such billing, make payment to the market administrator of the amount so billed;
- (b) Whenever verification discloses that payment is due from the market administrator to any handler pursuant to § 1062.85, the market administrator shall promptly make payment to such handler;
- (c) Whenever verification by the market administrator of the payment by a handler to any producer discloses payment to such producer of an amount which is less than is required by this part, the handler shall make up such payment to the producer not later than the time of making payment to producers next following the disclosure; and



- (d) Whenever verification by the market administrator of the payment by a handler to any producer discloses that solely through error in computation, payment to such producer was in an amount more than was required to be paid pursuant to § 1062.80, no handler shall be deemed to be in violation of § 1062.80 if he reduces his next payment to such producer following discovery of such error by not more than such overpayment.

§ 1062.87 MARKETING SERVICES.

- (a) Except as set forth in paragraph (b) of this section, each handler shall deduct 6 cents per hundredweight, or such lesser amount as the Secretary may prescribe, from the payments made to each producer other than himself pursuant to § 1062.80(a) with respect to all milk of such producer received by such handler during the month and shall pay such deductions to the market administrator on or before the 15th day after the end of such month. Such money shall be used by the market administrator to verify weights, samples and tests of milk received from, and to provide market information to such producers. The market administrator may contract with a cooperative association or cooperative associations for the furnishing of the whole or any part of such services; and
- (b) In the case of producers for whom a cooperative association is actually performing, as determined by the Secretary, the services set forth in paragraph (a) of this section, each handler shall make such deductions from the payments to be made directly to producers pursuant to § 1062.80(a) as are authorized by such producers, and on or before the 15th day after the end of each month, pay over such deductions to the association of which such producers are members. When requested by the cooperative association a statement shall be supplied the cooperative association showing for each producer for whom such deduction is made the amount of such deduction, the total delivery of milk, and, unless otherwise previously provided, the butterfat test.

§ 1062.88 EXPENSE OF ADMINISTRATION.

As his pro rata share of the expense of administration of the order, each handler shall pay to the market administrator on or before the 15th day after the end of the month 2.5 cents per hundredweight or such lesser amount as the Secretary may prescribe, with respect to:

- (a) Producer milk (including that received from a cooperative association as a handler, pursuant to § 1062.8(d)) and the handler's own production; and
- (b) Other source milk allocated to Class I pursuant to § 1062.46 (a)(3) and (7) and the corresponding steps of § 1062.46(b); and
- (c) Class I milk disposed of from partially regulated distributing plants on routes in the marketing area that exceeds Class I milk received during the month at such plant from pool plants and other order plants.





# **APPENDIX**

[illegible]

SCALE IN MILES  
0 100 200 300 400  
ALBERS EQUAL-AREA PROJECTION

Reg. CASE 311-71(1) (Rev.)

U. S. DEPARTMENT OF AGRICULTURE

## PART 1000 GENERAL PROVISIONS OF FEDERAL MILK MARKETING ORDERS

Sec.

- 1000.1 Scope and purpose of Part 1000.
- 1000.2 Definitions.
- 1000.3 Market administrator.
- 1000.4 Continuity and separability of provisions.
- 1000.5 Handler responsibility for records and facilities.
- 1000.6 Termination of obligations.

### § 1000.1 Scope and purpose of Part 1000.

This part sets forth certain terms, definitions, and provisions which shall be common to and part of each Federal milk marketing order except as specifically defined otherwise, or modified, or otherwise provided, in an individual order.

### § 1000.2 Definitions.

The following terms shall have the following meanings as used in the order:

- (a) Act. "Act" means Public Act No. 10, 73d Congress, as amended and as re-enacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.).
- (b) Order. "Order" means the applicable part of Title 7 of the Code of Federal Regulations issued pursuant to section 8c of the Act as a Federal milk marketing order (as amended).
- (c) Department. "Department" means the U.S. Department of Agriculture.
- (d) Secretary. "Secretary" means the Secretary of Agriculture of the United States or any officer or employee of the Department to whom authority has heretofore been delegated, or to whom authority may hereafter be delegated to act in his stead.
- (e) Person. "Person" means any individual, partnership, corporation, association, or other business unit.

### § 1000.3 Market administrator.

- (a) Designation. The agency for the administration of the order shall be a market administrator selected by the Secretary and subject to removal at the Secretary's discretion. The market administrator shall be entitled to compensation determined by the Secretary.
- (b) Powers. The market administrator shall have the following powers with respect to each order under his administration:
  - (1) Administer the order in accordance with its terms and provisions;
  - (2) Make rules and regulations to effectuate the terms and provisions of the order;
  - (3) Receive, investigate, and report complaints of violations to the Secretary; and
  - (4) Recommend amendments to the Secretary.
- (c) Duties. The market administrator shall perform all the duties necessary to administer the terms and provisions of each order under his administration, including, but not limited to, the following:



(1) Execute and deliver to the Secretary a bond covering himself and a bond covering any person designated by the Secretary to act in his stead. The respective bond shall be:

(i) Delivered within 45 days after he (or the acting market administrator) enters upon his duties;

(ii) Effective as of the date he (or the acting market administrator) enters upon his duties;

(iii) Conditioned upon the faithful performance of the market administrator's duties; and

(iv) In an amount and with surety thereon satisfactory to the Secretary;

(2) Employ and fix the compensation of persons necessary to enable him to exercise his powers and perform his duties;

(3) Pay out of funds provided by the administrative assessment, except expenses associated with functions for which the order provides a separate charge, all expenses necessarily incurred in the maintenance and functioning of his office and in the performance of his duties, including his own bond and compensation and the necessary bonds of his employees;

(4) Keep records which will clearly reflect the transactions provided for in the order, and upon request by the Secretary, surrender the records to his successor or such other person as the Secretary may designate;

(5) Furnish information and reports requested by the Secretary and submit his records to examination by the Secretary;

(6) Announce publicly at his discretion, unless otherwise directed by the Secretary, by such means as he deems appropriate, the name of any handler who, after the date upon which he is required to perform such act, has not:

(i) Made reports required by the order;

(ii) Made payments required by the order; or

(iii) Made available records and facilities as required pursuant to § 1000.5;

(7) Prescribe reports required of each handler under the order. Verify such reports and the payments required by the order by examining records (including such papers as copies of income tax reports, fiscal and product accounts, correspondence, contracts, documents or memoranda of the handler, and the records of any other persons that are relevant to the handler's obligation under the order), by examining such handler's milk handling facilities; and by such other investigation as the market administrator deems necessary for the purpose of ascertaining the correctness of any report or any obligation under the order. Reclassify skim milk and butterfat received by any handler if such examination and investigation discloses that the original classification was incorrect.

(8) Furnish each regulated handler a written statement of such handler's accounts with the market administrator promptly each month. Furnish a corrected statement to such handler if verification discloses that the original statement was incorrect; and

(9) Prepare and disseminate publicly for the benefit of producers, handlers, and consumers such statistics and other information concerning operation of the order and facts relevant to the provisions thereof (or proposed provisions) as do not reveal confidential information.

§ 1000.4 Continuity and separability of provisions.

(a) Effective time. The provisions of the order or any amendment to the order shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated.

(b) Suspension or termination. The Secretary shall suspend or terminate any or all of the provisions of the order whenever he finds that such provision(s) obstructs or does not tend to effectuate the declared policy of the Act. The order shall terminate whenever the provisions of the Act authorizing it cease to be in effect.

(c) Continuing obligations. If upon the suspension or termination of any or all of the provisions of the order, there are any obligations arising under the order, the final accrual or ascertainment of which requires acts by any handler, by the market administrator, or by any other person, the power and duty to perform such further acts shall continue notwithstanding such suspension or termination.

(d) Liquidation. (1) Upon the suspension or termination of any or all provisions of the order, the market administrator, or such other liquidating agent designated by the Secretary, shall if so directed by the Secretary liquidate the business of the market administrator's office, dispose of all property in his possession or control, including accounts receivable and execute and deliver all assignments or other instruments necessary or appropriate to effectuate any such disposition; and

(2) If a liquidating agent is so designated, all assets and records of the market administrator shall be transferred promptly to such liquidating agent. If, upon such liquidation, the funds on hand exceed the amounts required to pay outstanding obligations of the office of the market administrator and to pay necessary expenses of liquidation and distribution, such excess shall be distributed to contributing handlers and producers in an equitable manner.

(e) Separability of provisions. If any provision of the order or its application to any person or circumstances is held invalid, the application of such provision and of the remaining provisions of the order to other persons or circumstances shall not be affected thereby.

§ 1000.5 Handler responsibility for records and facilities.

Each handler shall maintain and retain records of his operations and make such records and his facilities available to the market administrator. If adequate records of a handler, or of any other persons, that are relevant to the obligation of such handler are not maintained and made available, any skim milk and butterfat required to be reported by such handler for which adequate records are not available shall not be considered accounted for or established as used in a class other than the highest priced class.

(a) Records to be maintained. (1) Each handler shall maintain records of his operations (including, but not limited to, records of purchases, sales, processing, packaging, and disposition) as are necessary to verify whether such handler has any obligation under the order, and if so, the amount of such obligation. Such records shall be such as to establish for each plant or other receiving point for each month:



(i) The quantities of skim milk and butterfat contained in, or represented by, products received in any form, including inventories on hand at the beginning of the month, according to form, time, and source of each receipt;

(ii) The utilization of all skim milk and butterfat showing the respective quantities of such skim milk and butterfat in each form disposed of or on hand at the end of the month; and

(iii) Payments to producers, dairy farmers and cooperative associations, including the amount and nature of any deductions and the disbursement of money so deducted.

(2) Each handler shall keep such other specific records as the market administrator deems necessary to verify or establish such handler's obligation under the order.

(b) Availability of records and facilities. Each handler shall make available all records pertaining to such handler's operations and all facilities the market administrator finds are necessary for such market administrator to verify the information required to be reported by the order and/or to ascertain such handler's reporting, monetary, or other obligation under the order. Each handler shall permit the market administrator to weigh, sample, and test milk and milk products and observe plant operations and equipment and make available to the market administrator such facilities as are necessary to carry out his duties.

(c) Retention of records. All records required under the order to be made available to the market administrator shall be retained by the handler for a period of 3 years to begin at the end of the month to which such records pertain. If, within such 3-year period, the market administrator notifies the handler in writing that the retention of such records, or of specified records, is necessary in connection with a proceeding under section 8c(15)(A) of the Act or a court action specified in such notice, the handler shall retain such records, or specified records, until further written notification from the market administrator. The market administrator shall give further written notification to the handler promptly upon the termination of the litigation or when the records are no longer necessary in connection therewith.

#### § 1000.6 Termination of obligations.

The provisions of this section shall apply to any obligation under the order for the payment of money:

(a) Except as provided in paragraphs (b) and (c) of this section, the obligation of any handler to pay money required to be paid under the terms of the order shall terminate 2 years after the last day of the month during which the market administrator receives the handler's report of receipts and utilization on which such obligation is based, unless within such 2-year period, the market administrator notifies the handler in writing that such money is due and payable. Service of such written notice shall be complete upon mailing to the handler's last known address and it shall contain but need not be limited to the following information:

(1) The amount of the obligation;

(2) The month(s) on which such obligation is based; and

(3) If the obligation is payable to one or more producers or to a cooperative association (except an obligation to be prorated to producers under an individual handler pool), the name of such producer(s) or such cooperative association, or if the obligation is payable to the market administrator, the account for which it is to be paid;



(b) If a handler fails or refuses, with respect to any obligation under the order, to make available to the market administrator all records required by the order to be made available, the market administrator may notify the handler in writing, within the 2-year period provided for in paragraph (a) of this section, of such failure or refusal. If the market administrator so notifies a handler, the said 2-year period with respect to such obligation shall not begin to run until the first day of the month following the month during which all such records pertaining to such obligation are made available to the market administrator;

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this section, a handler's obligation under the order to pay money shall not be terminated with respect to any transaction involving fraud or willful concealment of a fact, material to the obligation, on the part of the handler against whom the obligation is sought to be imposed; and

(d) Unless the handler files a petition pursuant to section 8c(15)(A) of the Act and the applicable rules and regulations (7 CFR 900.50 et seq.) within the applicable 2-year period indicated below, the obligation of the market administrator:

(1) To pay a handler any money which such handler claims to be due him under the terms of the order shall terminate 2 years after the end of the month during which the skim milk and butterfat involved in the claim were received; or

(2) To refund any payment made by a handler (including a deduction or offset by the market administrator) shall terminate 2 years after the end of the month during which payment was made by the handler.









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